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## BARBER-GREENE ANNUAL REPORT 1964





## **DIRECTORS**

WILLIAM B. GREENE, *Chairman*  
H. A. BARBER  
EUGENE P. BERG  
EDWARD McC. BLAIR  
WILLIAM A. GREENE  
URBAN HIPP  
EDWARD H. HOLT  
JOHN C. REID  
GERALD L. SMITH

## **OFFICERS**

H. A. BARBER, *President*  
CARLOS T. CURTIS, *Vice President*  
Aurora Plant Manager  
EDWARD H. FAUTH, *Vice President*  
Director of Engineering  
ANTHONY S. GREENE, *Vice President*  
Director of International Operations  
WILLIAM A. GREENE, *Vice President and Secretary*  
Director of Production  
URBAN HIPP, *Vice President and Treasurer*  
Director of Finance  
HAROLD E. HERTING, *Vice President*  
Controller  
EDWARD H. HOLT, *Vice President*  
Director of Sales  
FRANK J. MERRILL, *Vice President*  
DeKalb Plant Manager  
GERALD L. SMITH, *Vice President*  
President, Smith Engineering Works Division  
JOHN D. TURNER, *Vice President*  
Director of Publicity and Promotion  
JOHN F. VOGEL, *Asst. Sec'y—Asst. Treas.*

## **DIVISIONS**

### **Barber-Greene Overseas**

Aurora, Illinois

### **Smith Engineering Works**

Milwaukee, Wisconsin

## **WHOLLY-OWNED SUBSIDIARIES**

### **Barber-Greene Americas, Inc.**

FREDERICK J. WELLS, *President*  
Aurora, Illinois

### **Barber-Greene Canada Ltd.**

ANTHONY S. GREENE, *President*  
Don Mills, Ontario

## **OTHER SUBSIDIARIES**

### **Barber-Greene Australia Pty. Limited**

Sydney, Australia

### **Barber-Greene do Brasil Ind. e Com. S/A**

Sao Paulo, Brazil

### **Barber-Greene Europa, N. V.**

Rotterdam, The Netherlands

### **Barber-Greene Olding & Co. Ltd.**

Bury St. Edmunds, England

## **TRANSFER AGENT**

FIRST NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS

## **REGISTRAR**

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST CO.,  
CHICAGO, ILLINOIS

# **BARBER-GREENE COMPANY**

CORPORATE OFFICES, AURORA, ILLINOIS, U.S.A.

# HIGHLIGHTS

YEAR ENDED AUGUST 31

|  | 1964                | 1963                |
|--|---------------------|---------------------|
| Net sales . . . . .                                    | <u>\$47,963,151</u> | <u>\$44,097,213</u> |
| Earnings before income taxes . . . . .                 | 3,256,834           | 2,931,249           |
| Provision for federal and state income taxes . . . . . | 1,402,000           | 1,430,000           |
| Net earnings . . . . .                                 | 1,854,834           | 1,501,249           |
| Earnings per share . . . . .                           | 2.05                | 1.66                |
| Cash dividends . . . . .                               | 796,136             | 759,948             |
| Dividends per share . . . . .                          | .88                 | .84                 |
| Shareholders' equity . . . . .                         | 24,043,846          | 22,985,148          |
| Book value per share . . . . .                         | 26.58               | 25.41               |
| Working capital . . . . .                              | 23,228,030          | 18,576,521          |
| Additions to plant and equipment (gross) . . . . .     | 960,093             | 840,116             |
| Depreciation and amortization . . . . .                | 940,416             | 921,143             |
| Number of employees . . . . .                          | 2,124               | 1,855               |
| Number of shareholders . . . . .                       | 1,939               | 1,914               |

All per share amounts based on 904,700 shares outstanding on August 31, 1964 and 1963.



COVER PHOTO

*Telsmith portable crushing and screening plants operating at 600 tons per hour near Vancouver, British Columbia.*

## TO THE SHAREHOLDERS OF BARBER-GREENE

### THE YEAR IN BRIEF

Operations for the past year show net sales of \$47,963,151, an 8.8% increase; and net profits of \$1,854,834, a 23.6% increase.

Actually civilian net sales, compared to the previous year, increased 15.7%. There were substantial military shipments in the prior year that had to be replaced with civilian sales to establish this new corporate record. In addition, the sales by our overseas subsidiaries (not consolidated) showed a good increase as discussed on page 13.

We were encouraged by the market expansion and by the higher per cent penetration of these markets by Barber-Greene during this past year. However, the competitive activity with abnormal customer demands and close pricing and term financing pressures did not slacken. We believe our progress was a direct result of our recent years' investment in new product designs and new organization developments in our marketing and customer servicing.

Every company faces the policy decision of how much to divert from current year's profits to investment in studies, research and development, facilities, and training programs for the future. Barber-Greene's policy has continued to be one of substantial and above average allocation of expenditures and management time to such projects to provide greater strength and growth tomorrow. The highlights are discussed in more detail in the following review "Investment for the Future."

### DIVIDENDS

The quarterly rate of dividend was increased from 21c to 25c per share at the regular meeting of the board of directors in August.

### BARBER-GREENE CANADA

Barber-Greene Canada continued in the black this past year but was severely handicapped by a most unfortunate four-months strike. The issues were resolved in March with a new contract extending to October, 1966. The present level of operation in Canada indicates an improved return in this area.

### LABOR AGREEMENTS

Agreements with the respective Shop Union membership units continue in force for the coming year at Aurora and DeKalb plants and to July of 1966 at the Milwaukee plant.



## TRADE FINANCING

Barber-Greene has not followed the policy of promoting customer term financing as a sales tool, but rather has organized to provide term financing for sound transactions where other channels are not available to our customers. We have carefully studied the advisability of establishing a "captive finance subsidiary" but do not believe that such a move is advantageous at this time.

Last fall we negotiated a revolving loan with three national banks in Chicago and New York that parallels the average time commitments of our customer notes.

## FUTURE:

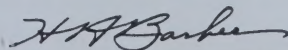
Barber-Greene begins the new fiscal year in the construction machinery market with the strongest product line and marketing organization in our history. It is backed up by experienced manufacturing ability and capacity.

In addition, we have reorganized for extensive expansion in the industrial fields outside of construction. The bulletin "Handling and Processing Billions of Tons" enclosed with this annual report indicates the scope and direction of our industrial marketing.

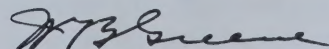
Our future will naturally be influenced by the uncertain national and international economic levels ahead and by an industry profit squeeze that can result from the supposedly "non-inflationary" wage and benefit increases resulting from the automotive industry pattern of bargaining.

However, we are confident and enthusiastic about our future within the areas of our own more direct control.

Very truly yours,

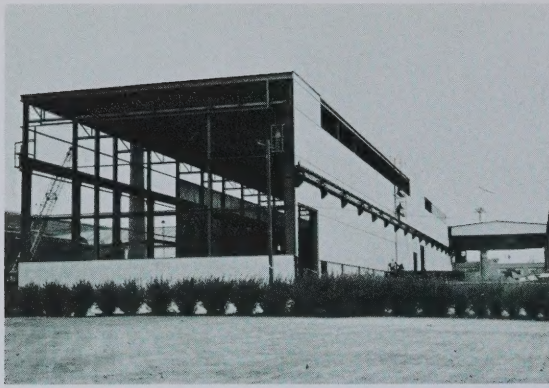


PRESIDENT



CHAIRMAN

October 26, 1964



*New addition to Telsmith Division's Milwaukee Plant will soon be completed.*



*New IBM Data Processing System at Aurora Plant is now being programmed to handle a number of production control functions.*

## INVESTMENT FOR THE FUTURE

### FACILITIES

Through the years, we have always diverted current funds and capacity to strengthening our organization, facilities, products, and market coverage. Today, our investment in the future is greater than ever before.

A major expansion of the manufacturing facilities at the Telsmith Division's plant in Milwaukee will soon be completed. A new high bay and heavy crane building is under construction, and specialized, heavy machine tools, required in this division's operations, are being installed. The expansion, plus assembly of certain Telsmith products at the Aurora Plant, will greatly increase our capacity to produce this specialized line of equipment.

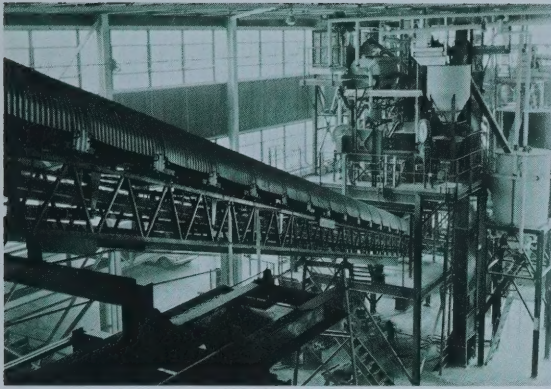
Our program of replacing obsolescent machine tools and adding of new types at all plants is being continued, and our current budget for this purpose shows an increase over previous years.

### SYSTEMS

We are making a number of changes in systems and procedures. Many of these changes are required to keep pace with the increasing number and complexity of our products and the greater proportion of our business that involves furnishing of complete systems. Others are designed to increase efficiency and provide more useful and timely statistical information on which to base management decisions.

The new IBM 1410 Data Processing System recently installed at the Aurora Plant represents a major systems improvement. Programming will soon be completed for the initial





*Plant for producing tar-bonded refractory brick is typical of industrial installations on which we assume responsibility for all phases from design through initial operation.*



*This aggregate plant in Washington is widely acclaimed for its many design innovations. It includes our crushers, screens, washing and classifying equipment, and nearly a half mile of belt conveyors.*

## INDUSTRIAL MARKET

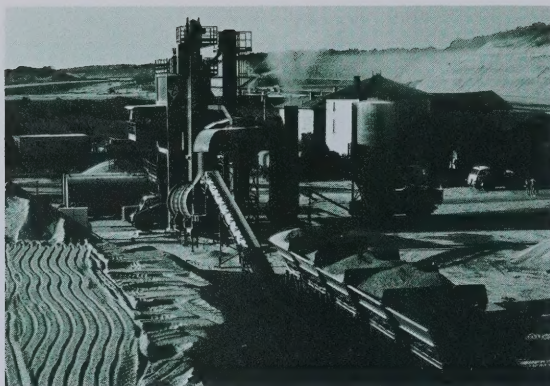
application of the system, which will be handling of inventory, production scheduling of parts and machines, purchase of parts from outside suppliers, and rescheduling to meet changing delivery requirements. The new system will increase manufacturing efficiency and reduce inventory requirements. Our older computer is operating at capacity on order writing, accounting, engineering, and other functions.

We have progressively strengthened our capabilities in engineering, manufacturing, and marketing to the industrial field, which, in total, offers an even greater potential than the construction field. A major step in this direction was the recent reorganization of sales management which establishes separate responsibility for the industrial and construction fields. We have also strengthened the product development group for industrial equipment.

The sales bulletin, "Handling and Processing Billions of Tons," which accompanies this report, is part of the promotional material being prepared for the industrial market.

Development work has been completed on a new line of batch heaters, a line of continuous dryers, two small sizes of batch pugmills, and a series of fluid bed heaters and coolers for fine materials, such as foundry sand. Other new industrial designs are in various stages of development.

A newly designed salt harvester will soon be shipped to the Bahamas for reclaiming sea-water salt in evaporating ponds. Because of its high capacity, this unit may well be the first



*Batchpac operating in France. This new line has achieved enthusiastic customer acceptance during its first season.*



*Special ditcher operating in previously dug trench shapes ditch to contour of pipe on large Southwestern water line project. Design principles involved are now being applied to other machines.*

of many such machines sold for this specialized application.

Our materials handling line is used in both the industrial and construction fields. New developments include a new series of portable belt conveyors in the 100-foot range, a high-capacity portable truck unloader, low-profile top loaders, pneumatic-tire mounted portable stackers, and a line of higher-capacity portable conveyor screening plants that will be available next spring.

## CONSTRUCTION FIELD

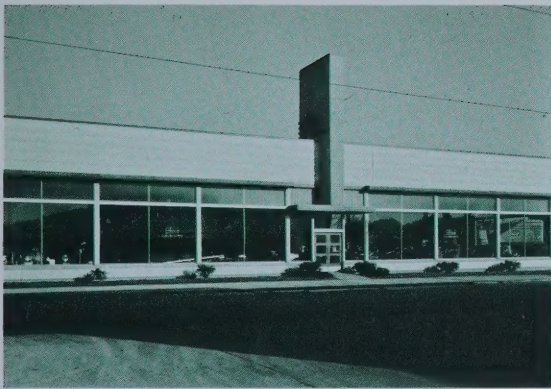
Our major investment in product development continues to be in equipment for the construction field.

We are currently announcing a new rubber-tire mounted asphalt finisher and a new, improved model of our standard-duty crawler-mounted machine. A narrower rubber-mounted finisher, especially suited for the European market, has also been developed, and prototypes, produced in England, are now being tested.

The Batchpac, our new line of asphalt batch plants introduced late last fall, has been well accepted, and plants are now operating in many states and overseas. In addition, two smaller sizes of continuous plants, similar in design to the larger units introduced in 1962, were announced last spring. These plants, along with the smaller Batchpac sizes, are also being manufactured overseas.

Several pilot models of our new shifting boom ditcher have operated with highly satisfactory results, and we expect to complete testing and begin production of these machines soon.





*The Cincinnati Branch of Rish Equipment Company is typical of the facilities of today's equipment distributor.*



*Our overseas distributors have equally extensive facilities as typified by the new plant of our distributor in Austria.*

The "arcezoidal" ditcher pictured above, while designed as the answer to a specific contractor problem, employs principles that are now being applied to other models.

The portable aggregate plants developed in the past few years by the Telsmith Division have been outstandingly successful in both sales and performance, and additional portable units are currently being developed. Other developments include a sand classifying tank, a fine material dewatering device that operates on new principles, a new model of vibrating screen, and a new single-rotor impact crusher which recently underwent extensive field testing.

Considerable investment over the years and careful selection, supervision, and training have given us a strong, competent distributor organization both here and abroad. Today's equipment distributor represents a well operated business with facilities for display of equipment, shops for machine repair and rebuilding, parts stocks, and a competent staff especially trained in the sales and service of the equipment lines handled. Typical domestic and foreign distributor facilities are shown above.

We are putting even greater emphasis on training of distributor personnel through a full schedule of sales, service, and parts schools. Twenty-nine different countries were represented at our recent school for overseas distributor sales personnel.

#### **PERSONNEL**

More than ever before, we regard the selection, training, and upgrading of key personnel as our most important investment.

**CONSOLIDATED STATEMENTS OF EARNINGS**  
**AND RETAINED EARNINGS**  
 YEAR ENDED AUGUST 31

|   | 1964                | 1963                |
|---|---------------------|---------------------|
| <b>Net sales</b> . . . . .  | <b>\$47,963,151</b> | <b>\$44,097,213</b> |
| Cost of goods sold . . . . .  | <b>31,466,425</b>   | 29,058,844          |
| Distributors' discounts and commissions . . . . .                     | <b>6,432,614</b>    | 5,632,121           |
| Selling, administrative and product<br>development expenses . . . . . | <b>7,666,839</b>    | 7,153,111           |
|   | <b>45,565,878</b>   | 41,844,076          |
| Earnings from operations . . . . .                                    | <b>2,397,273</b>    | 2,253,137           |
| Other income, net, principally from<br>foreign sources . . . . .      | <b>859,561</b>      | 678,112             |
| Earnings before income taxes . . . . .                                | <b>3,256,834</b>    | 2,931,249           |
| Provision for federal and state income taxes . . . . .                | <b>1,402,000</b>    | 1,430,000           |
| <b>Net Earnings for the Year</b> . . . . .                            | <b>1,854,834</b>    | 1,501,249           |
| Retained earnings, beginning of year . . . . .                        | <b>17,695,344</b>   | 16,954,043          |
|   | <b>19,550,178</b>   | 18,455,292          |
| Dividends . . . . .   | <b>796,136</b>      | 759,948             |
| Retained earnings, end of year . . . . .                              | <b>\$18,754,042</b> | <b>\$17,695,344</b> |

The notes on Page 12 are an integral part hereof.



# CONSOLIDATED BALANCE SHEETS

AUGUST 31

| ASSETS  | 1964                | 1963                |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>   |                     |                     |
| Cash . . . . .  | \$ 1,483,390        | \$ 1,629,867        |
| Trade receivables, less unearned finance charges and allowance for losses (Note B) . . . . .  | 10,842,669          | 9,311,707           |
| Inventories, at the lower of cost (principally last-in, first-out) or market . . . . .  | 15,806,498          | 14,040,041          |
| Other . . . . .   | 225,319             | 237,289             |
| <b>Total Current Assets</b> . . . . .   | <b>28,357,876</b>   | <b>25,218,904</b>   |
| <b>PLANTS AND EQUIPMENT</b> , at cost, less accumulated depreciation and amortization of \$10,187,599 (1964) and \$9,349,204 (1963) . . . . . | <b>10,222,118</b>   | <b>10,201,473</b>   |
| <b>INVESTMENTS IN AND ADVANCES TO AFFILIATES</b> , at cost (Note C) . . . . .   | <b>1,243,245</b>    | <b>1,153,220</b>    |
| <b>OTHER ASSETS</b> . . . . .   | <b>393,422</b>      | <b>285,669</b>      |
| <b>Total</b> . . . . .  | <b>\$40,216,661</b> | <b>\$36,859,266</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                     |                     |
| <b>CURRENT LIABILITIES</b>  |                     |                     |
| Notes payable . . . . .   | \$ 534,037          | \$ 2,034,037        |
| Accounts payable . . . . .  | 1,899,416           | 1,428,999           |
| Accrued liabilities . . . . .   | 2,009,703           | 2,378,797           |
| Federal and state income taxes . . . . .  | 686,690             | 800,550             |
| <b>Total Current Liabilities</b> . . . . .  | <b>5,129,846</b>    | <b>6,642,383</b>    |
| <b>DEFERRED FEDERAL INCOME TAXES</b> (Note D) . . . . .   | <b>1,233,167</b>    | <b>885,387</b>      |
| <b>REVOLVING LOAN</b> (Note E) . . . . .  | <b>4,000,000</b>    |                     |
| <b>LONG-TERM DEBT</b> (Note E) . . . . .  | <b>5,809,802</b>    | <b>6,346,348</b>    |
| <b>SHAREHOLDERS' EQUITY</b>   |                     |                     |
| Capital stock, common, \$5 par value; authorized 1,000,000 shares, outstanding 904,700 shares . . . . .                                       | 4,523,500           | 4,523,500           |
| Paid-in surplus . . . . .   | 766,304             | 766,304             |
| Retained earnings (Note E) . . . . .  | 18,754,042          | 17,695,344          |
| <b>Total Shareholders' Equity</b> . . . . .   | <b>24,043,846</b>   | <b>22,985,148</b>   |
| <b>Total</b> . . . . .  | <b>\$40,216,661</b> | <b>\$36,859,266</b> |

The notes on Page 12 are an integral part hereof.

## NOTES TO FINANCIAL STATEMENTS

- A The consolidated financial statements include the accounts of all wholly owned subsidiaries.
- B Trade receivables included notes, principally from installment sales, of \$4,749,628 at August 31, 1964 and \$4,400,754 at August 31, 1963, of which \$1,949,095 and \$1,893,121, respectively, were due after one year. At August 31, 1964, the companies were contingently liable for payment of trade notes discounted or customers' notes guaranteed in the approximate total amount of \$118,000.
- C The company's equity in the net assets of the affiliates, as shown by their most recent available financial statements (unaudited), exceeded the investment by \$863,000 at August 31, 1964. Such excess increased approximately \$101,000 for 1964 and decreased \$5,000 for 1963; dividends of \$213,727 and \$160,620 were received during the respective years.
- D For federal income tax purposes, the domestic companies defer income on installment sales and report it proportionately as payments are received. The parent company computes depreciation on the basis of guideline lives authorized by the United States Treasury Department while continuing to use for book purposes depreciable lives previously established. Provision has been made for the income taxes thus deferred. Deferred federal income taxes also include \$96,000 of investment credit, which is being amortized over the useful lives of the related assets.
- E The revolving loan agreement expires February 10, 1967 and provides for interest at  $4\frac{1}{2}\%$ . Long-term debt at August 31, 1964 consisted principally of a  $4\frac{7}{8}\%$  note for \$2,250,000 payable \$250,000 semiannually to October 1, 1968 and a 5.3% note for \$4,000,000 payable \$250,000 semiannually beginning April 1, 1969. The payments due within one year from August 31, 1964 are included in current liabilities. The loan agreements contain covenants common to such agreements, which, among other things, restrict the payment of dividends (other than stock dividends) and require the maintenance of net current assets at a specified amount. Under the most restrictive of the covenants, retained earnings of \$3,049,000 were available for the payment of cash dividends at August 31, 1964.
- F During fiscal 1964 an employee retirement program was adopted by the Canadian subsidiary and basic benefits for domestic employees were increased. Noncontributory pension benefits, based on years of service, are now provided for substantially all employees. Additional benefits are available on a contributory basis. The plans are being funded by contributions to retirement trusts. Past service costs, which amounted to approximately \$3,027,000 at August 31, 1964, are expected to be funded over a period not to exceed thirty years. Contributions for current and past service costs amounted to \$394,217 during fiscal 1964, as compared with \$382,950 in fiscal 1963 for the program then in effect.
- G Provisions for depreciation of fixed assets included in the statements of earnings and retained earnings for the years ended August 31, 1964 and 1963 amounted to \$940,416 and \$921,143, respectively.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
Barber-Greene Company.

We have examined the consolidated balance sheet of BARBER-GREENE COMPANY and subsidiaries as of August 31, 1964 and the related consolidated statement of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying balance sheets and related statements of earnings and retained earnings present fairly the consolidated financial position of Barber-Greene Company and subsidiaries at August 31, 1964 and 1963, and the consolidated results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

Chicago, Illinois,  
October 21, 1964.



## OVERSEAS OPERATIONS

In spite of changing political and economic conditions in individual nations, the total picture of our overseas operations continues to be one of increasing sales and profitability.

Barber-Greene and Telsmith products are marketed in virtually every free country of the world, backed by a staff of sales and service engineers and managers, based not only in Aurora and Milwaukee, but also in England with Barber-Greene Olding & Co. Ltd. These capable men assist our 138 independent overseas dealers, who sell Barber-Greene products which are shipped from any of the points of manufacture, depending on product availability, source preference, currency exchange availability, landed price in the country of usage, etc. Long-standing license agreements for Telsmith products prevail in England, France, South Africa and Australia.

The graph, page 14, indicates the effect resulting from our earlier factory expansion program overseas, as 21% of our total shipments were manufactured and sold outside of the United States and Canada, compared to 18% the prior year.

The consolidated financial statements in this annual report cover Barber-Greene Company and the wholly-owned subsidiaries, Barber-Greene Americas, Inc., and Barber-Greene Canada Ltd. They do not include the sales, earnings, or net assets of the partially-owned companies in England, Brazil, Australia and The Netherlands. The investments in these associates, the fees and dividends received from them, and the sale of components to them are included.

Barber-Greene Olding & Co. Ltd., at Bury St. Edmunds, England, again has had a record year, and with the current backlog and continuing activity particularly in the European market, there is every indication of continued growth. The manufacturing plant, now two years old, is fully productive with new products introduced this past year, including both continuous and batch type asphalt plants,

ditchers, and portable conveyors. As with the previous year, asphalt finisher sales again achieved a record level, exceeding last year's all-time high by over 15%.

Barber-Greene do Brasil, near Sao Paulo, has also had a very active year. The country, however, continues to be severely handicapped by inflation and political crises, although we are encouraged by the more recent efforts of the government to achieve economic stability. Barber-Greene do Brasil was able, culminating three years of negotiations, to obtain a government cruzeiro loan which has permitted some modest plant expansion and purchase of new machine tools which had been deleted from the original planning because of the financial crisis of the country at that time. These will permit more complete manufacturing in our own facilities and greater diversification of our product line for better long-term stability. Our asphalt finisher was produced in Brazil for the first time this past year.

Barber-Greene Australia Pty. Ltd., near Sydney, has undergone some management reorganization in the past year. Additional major expansion moves are contemplated for this company as the outlook for requirements for our type of equipment continues encouraging.

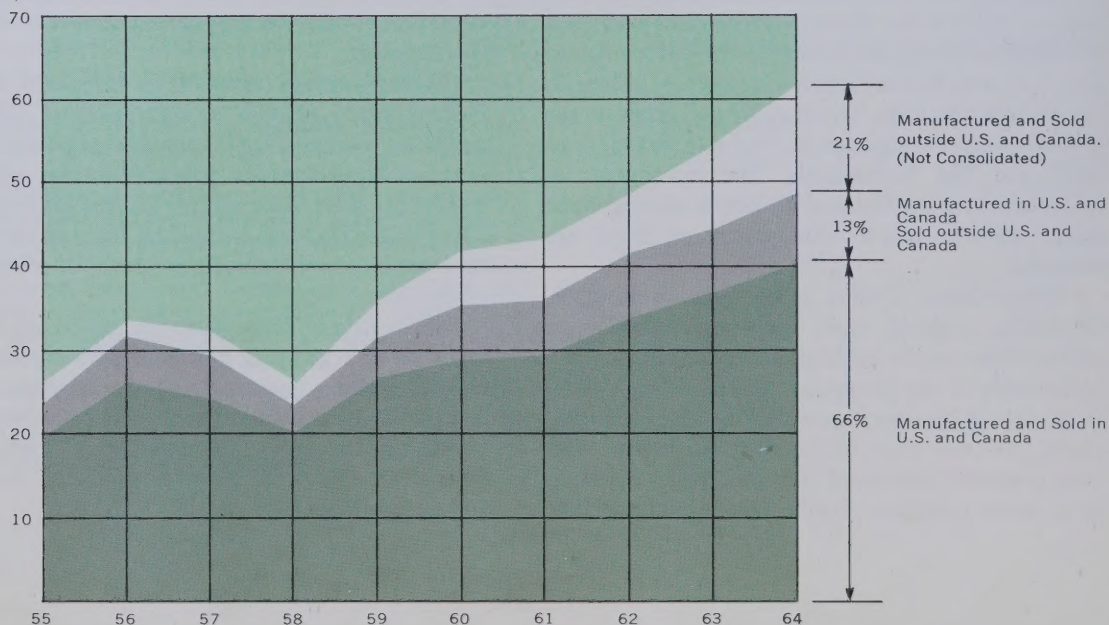
Barber-Greene Europa, N.V., of Rotterdam, The Netherlands, continues to contribute to our basic product development of equipment more suitable to European requirements. A major portion of these locally designed components are manufactured in The Netherlands for continental use and several of these designs are finding acceptance in other areas of the world.

Many nations throughout the world are emerging with ever growing manufacturing capacity and ability. We are constantly studying these major changes in world trade which will create new opportunities for further manufacturing abroad and expand the export of our U.S. produced machines and components.

# TEN YEAR REVIEW

| YEAR                             | 1964         | 1963         | 1962         | 1961         | 1960         |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| NET SALES . . . . .              | \$47,963,000 | \$44,097,000 | \$41,440,000 | \$35,962,000 | \$35,049,000 |
| NET EARNINGS . . . . .           | 1,855,000    | 1,501,000    | 1,293,000    | 1,244,000    | 982,000      |
| CASH DIVIDENDS DECLARED . . . .  | 796,000      | 760,000      | 760,000      | 760,000      | 710,000      |
| FEDERAL & STATE INCOME TAXES .   | 1,402,000    | 1,430,000    | 1,465,000    | 1,030,000    | 1,001,000    |
| NET WORTH . . . . .              | 24,044,000   | 22,985,000   | 22,244,000   | 22,273,000   | 21,789,000   |
| WORKING CAPITAL . . . . .        | 23,228,000   | 18,577,000   | 18,102,000   | 15,223,000   | 15,128,000   |
| NET PROPERTIES . . . . .         | 10,222,000   | 10,201,000   | 10,338,000   | 10,454,000   | 10,652,000   |
| ADDITION TO PROPERTIES . . . . . | 960,000      | 840,000      | 747,000      | 630,000      | 657,000      |
| PROVISION FOR DEPRECIATION . .   | 940,000      | 921,000      | 920,000      | 845,000      | 829,000      |

MILLION \$ UNITED STATES and CANADA versus OVERSEAS OPERATIONS





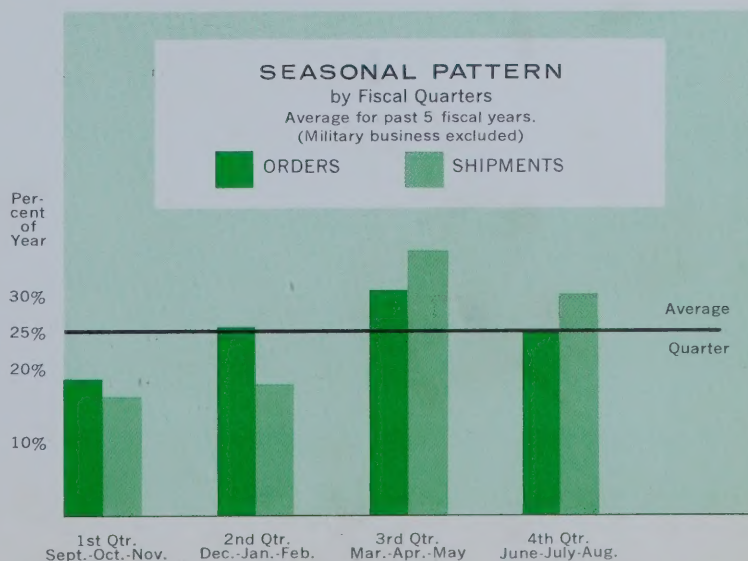
| 1959         | 1958         | 1957         | 1956         | 1955         |
|--------------|--------------|--------------|--------------|--------------|
| \$31,487,000 | \$23,321,000 | \$29,900,000 | \$31,934,000 | \$23,629,000 |
| 1,143,000    | 409,000      | 1,518,000    | 2,030,000    | 1,092,000    |
| 240,000      | 240,000      | 300,000      | 240,000      | 180,000      |
| 1,035,000    | 402,000      | 1,380,000    | 1,907,000    | 1,082,000    |
| 16,344,000   | 15,442,000   | 15,272,000   | 14,054,000   | 12,121,000   |
| 10,714,000   | 11,485,000   | 11,262,000   | 8,108,000    | 7,442,000    |
| 10,066,000   | 9,973,000    | 8,417,000    | 5,301,000    | 4,736,000    |
| 833,000      | 2,205,000    | 3,647,000    | 1,084,000    | 406,000      |
| 715,000      | 622,000      | 515,000      | 514,000      | 439,000      |

## SEASONAL PATTERN OF ORDERS AND SHIPMENTS

Our products are concentrated in the handling and processing of bulk materials, and weather conditions limit the most active operating period for most of our customers to the months between early spring and late fall.

During our first fiscal quarter, our customers are completing their year's operations and have not yet crystallized their next year's planning. In our second quarter, orders are placed but often scheduled for spring delivery. Our third and fourth quarters are the most active season.

While we would prefer a steady demand, the seasonal variations give us a fall and early winter period to revise manufacturing techniques, build up inventory of the latest designs, and replenish dealer stocks.





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